Company Registration No. 01587537 (England and Wales)

NORTHGATEARINSO UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2017

NORTHGATEARINSO UK LIMITED

COMPANY INFORMATION

Directors	Mr S Ross	
	Mr N P Wain	
	Mr A P Monshaw	(Appointed 31 October 2017)
	Mr J Legdon	(Appointed 19 December 2017)
Secretary	Mr M R Bennett	
Company number	01587537	
Registered office	Peoplebuilding 2 Peoplebuilding Estate Maylands Avenue Hemel Hempstead HP2 4NW	
Auditor	KPMG LLP 15 Canada Square London E14 5GL	

NORTHGATEARINSO UK LIMITED

CONTENTS

The directors present the strategic report and financial statements for the year ended 30 April 2017.

Principal activity

NorthgateArinso UK Limited is a member of the Northgate Information Solutions Limited group ('NGA Human Resources' or 'group').

Throughout the year the principal activities of the company were the provision of outsourced payroll and HR services, the development and supply of IT solutions & software, and the provision of related consultancy and support services for Human Resources departments.

Trading review

The majority of the UK business focuses on serving the UK midmarket sector although there is a small proportion of revenue associated with global enterprise clients.

Turnover for the year ended 30 April 2017 increased by 1.9% to £114.7m (2016: £112.5m). Operating profit before exceptional items and the amortisation of intangibles and depreciation was £11.9m (2016: £12.5m), and the loss after tax for the financial year was £0.4m (2016: profit £0.3m).

Net assets of £24.5m are down from £39.3m in 2016, reflecting total comprehensive losses. Fixed assets of £158m (2016: £161m) include goodwill and the IP value of developed software. Net current liabilities of £72m (2016: £73m) include a £70m balance payable to another company in the group. The valuation of the defined benefit pension scheme is a liability of £56m (2016: £43m).

The midmarket sector continues to show growth and the company continues to invest in its products and services. In the global enterprise sector, the decline in revenues has been partially offset by a corresponding reduction in costs.

NGA HR has over 40+ years' experience of serving UK organisations in the public and private sector and currently has over 1,000 customers. This includes 40 of the FTSE 100 and equates to 5.4m employees served and 60m payslips per year.

NGA HR is the market leader in the UK, helping organisations to align their people and talent strategy to their business strategy, as the trusted partner of HR decision makers when it comes to improving HR service delivery, through smarter processes and more efficient technology. NGA HR has focussed on delivering additional value to existing customers through new services and modules. This strategic evolution allows NGA HR to focus on its core strengths in the UK and Ireland, combining new solutions and enhancements with an impressive heritage and dominant market share.

NGA HR's Intellectual Property (IP) remains a key differentiator, as well as the foundation for our HR and Payroll service offerings. In 2017 NGA ResourceLink was awarded Payroll Product of the Year and Payroll Service Provider of the Year by the Chartered Institute of Payroll Professionals (CIPP) for the second year running. This was an endorsement of NGA HR's UK strategy, not just in software and service development but in the overall customer experience. As well as having the strongest payroll offering in the UK and Ireland, NGA ResourceLink covers the entire employee lifecycle integrating Payroll with Talent, HR, Reporting and Analytics and more with a superior user experience.

There have been major software and service enhancements in the last 12 months designed with customers and their employees in mind including new recruitment, onboarding, time & attendance and analytics functionality, as well as key legislative changes such as the apprenticeship levy and gender pay gap reporting. Investments also include enhancements to the overall user experience include 'responsive design' for mobile self-service, embedded learning videos and ease of navigation, plus advances in predictive analytics and automation. All whilst keeping customers fully up to date with the latest UK and Irish legislation. and improving the overall customer experience in areas such as support and consultancy. In addition, our ability to offer an unrivalled portfolio of scalable managed payroll services to organisations of different sizes across all industry sectors reinforces our commitment to be the service provider of choice for our customers.

Business Model and Strategy
NGA HR globally operates a market segment-focused approach through which we go to market following three strategic segments: small & medium-sized business, mid-market and enterprise. These segments play an increasingly important role in our growth strategy and in our overall go-to-market approach. NorthgateArinso UK Limited is primarily focused on the mid-market in the UK including large local enterprises.

Customer satisfaction has continued to be a focus area in FY17. For the year ahead we want to build on the foundation which was laid in the last three years with a single objective: growth. Customer satisfaction, delivery quality, and innovation will continue to drive our investment focus and our value proposition to the markets in which we operate.

Risks and uncertainties
The Board has overall responsibility for the company's approach to assessing risk and recognises that creating value is the reward for taking and accepting risk. Executive management implements the Board's policies on risk and control and provides assurance on compliance with these policies. Further independent assurance is provided by an internal audit function which operates across the group, and through the external auditor. This system is designed to manage, rather than eliminate, the risk of failure to achieve corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss.

The company's financial assets and liabilities mainly comprise cash, trade payables and receivables and other payables and receivables arising directly from operations.

The main operational risks are:

- Economic and market risk

The economic environment can affect the performance of the company's businesses in terms of both sales and costs. Through development of our products and services the company works to ensure that we deliver value to all our customers. The company works hard to mitigate the impact of external cost pressures on our customers and the company's overall profitability through the delivery of cost savings.

- Credit risk

The directors review and agree policies for managing credit risk, which is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's trade and other receivables from customers. Management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The company does not require collateral in respect of financial assets.

At the balance sheet date there were no significant concentrations of credit risk.

On behalf of the board

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Mr S Ross
Director

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The directors present their annual report and financial statements for the year ended 30 April 2017.

Results and dividends
The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr A B Al-Saleh	(Resigned 28 November 2017)
Mr S Ross	
Mr N P Wain	
Mr D A Whitehead	(Resigned 28 November 2017)
Mr A P Monshaw	(Appointed 31 October 2017)
Mr J Legdon	(Appointed 19 December 2017)

Pensions
The company participates in a defined contribution scheme, the assets of which are held separately from those of the company in independently administered funds.

The company also operates two defined benefit schemes, the Northgate HR Pension Scheme and the Rebus Group Pension Scheme, both of which are closed to new entrants. The trustee of the schemes is the corporate trustee, Northgate Pension Trustees Limited.

Actuarial valuations of the schemes are carried out triennially. The last valuation was as at 31 October 2016. The value of the deficit has been updated as at 30 April 2017, for the purposes of IAS 19, by an independent qualified actuary and amounts to £56.0m (2016: £42.7m). Extra contributions have been made and will continue to be made to the schemes by the company to reduce the deficit.

The company has established a joint working group with the Investment Sub-Committee of the Trustee to carry out a detailed review of investment strategy in light of current market conditions. The outcome of this review has led to the adoption of a liability driven investment strategy aimed at protecting returns over the long term whilst mitigating the effects of short term volatility. The company is committed to working with the Trustee to keep the investment strategy under regular review and to explore ways of managing the pension assets and liabilities efficiently in the current economic climate.

Supplier payment policy
Business units are responsible for agreeing the terms and conditions under which they conduct transactions with their suppliers. The company does not have a code or standard concerning payment to suppliers. At 30 April 2017 there were 30 days (2016: 45 days) purchases in trade creditors.

Disabled persons
It is the company's policy to treat people with disability on an equal basis for employment, development and promotion. Opportunities also exist for employees of the company who become disabled to continue their employment or to be trained for other positions in the company. An Equality Survey is conducted every two years.

Employee involvement
The company places considerable value on the involvement of its employees and uses a variety of methods, including regular discussion platforms and the periodic publication of internal information, to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. The group conducts biennial employee surveys through a professional employee opinion consultancy to maintain a strong employee dialogue.

Post reporting date events
On 9 October 2017, NGA Human Resources announced the sale of the UK Mid-Market and UK SMB (Moorepay) businesses to Bain Capital Private Equity, a leading global private investment firm. NGA Human Resources will continue under the ownership of Goldman Sachs and Park Square Capital.

On 29 November 2017, the company reduced its share capital from £40,010,000 to £20,010,000 by cancelling and extinguishing 20,000,000 shares of £1 each.

Auditor
The auditor, KPMG LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities
The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

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Mr S Ross
Director

....

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NORTHGATEARINSO UK LIMITED

We have audited the financial statements of NorthgateArinso UK Limited for the year ended 30 April 2017 set out on pages 8 to 38. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor
As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic Report and Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

M Matthewman

Mark Matthewman (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
London
E14 5GL

31 January 2018

NORTHGATEARINSO UK LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 30 APRIL 2017

	Notes	2017 £000	2016 £000
Revenue	3	114,655	112,540
Operating costs	4	(113,773)	(106,111)
Operating profit		882	6,429
Operating profit before significant restructuring, one-off items, property provisions, amortisation of intangibles and depreciation of tangible fixed assets		11,949	12,475
Amortisation of intangible assets		(4,530)	(4,856)
Depreciation of tangible assets		(805)	(851)
Significant restructuring, one-off items and property provisions		(5,732)	(339)
Operating profit		882	6,429
Investment income	8	6	3
Finance costs	9	(5,512)	(4,836)
(Loss)/profit before taxation		(4,624)	1,596
Tax on (loss)/profit	10	4,209	(1,339)
(Loss)/profit for the financial year		(415)	257

The income statement has been prepared on the basis that all operations are continuing operations.

The notes on pages 13 to 38 form an integral part of these financial statements.

NORTHGATEARINSO UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 APRIL 2017

	2017 £000	2016 £000
(Loss)/profit for the year	(415)	257
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Actuarial loss on defined benefit pension schemes	(20,266)	(833)
Deferred tax arising on the actuarial loss recognised in the pension schemes	3,270	150
IFRIC 14 movement in pension deficit	3,849	(3,849)
Deferred tax arising on IFRIC 14 movement in pension deficit	(693)	693
Change in tax rates	(526)	(336)
Total items that will not be reclassified to profit or loss	(14,366)	(4,175)
Total comprehensive income for the year	(14,781)	(3,918)

The notes on pages 13 to 38 form an integral part of these financial statements.

NORTHGATEARINSO UK LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 30 APRIL 2017

	Notes	2017 £000	2016 £000
Fixed assets			
Intangible assets - goodwill	11	111,080	111,080
Other intangible assets	11	12,393	13,252
Property, plant and equipment	12	2,628	2,845
Investments	13	17,691	22,109
Deferred tax asset	19	13,719	11,579
		157,511	160,865
Current assets			
Trade and other receivables	15	40,560	34,709
Current liabilities			
Borrowings	17	2,667	5,236
Trade and other payables	16	108,761	99,444
Obligations under finance leases	18	1,294	2,981
		112,722	107,661
Net current liabilities		(72,162)	(72,952)
Total assets less current liabilities		85,349	87,913
Non-current liabilities			
Borrowings	17	1,865	3,234
Obligations under finance leases	18	2,780	2,074
		4,645	5,308
Provisions for liabilities			
Retirement benefit obligations	21	55,966	42,736
Other provisions	20	228	578
		56,194	43,314
Net assets		24,510	39,291

NORTHGATEARINSO UK LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 APRIL 2017

	Notes	2017 £000	2016 £000
Equity			
Called up share capital	22	40,010	40,010
Capital contribution		3,361	3,361
Retained earnings		(18,861)	(4,080)
Total equity		24,510	39,291

The notes on pages 13 to 38 form an integral part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 30/01/18 and are signed on its behalf by:

S Ross

Mr S Ross
Director

Company Registration No. 01587537

NORTHGATEARINSO UK LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2017

	Share capital	Capital contribution	Retained earnings	Total
	£000	£000	£000	£000
Balance at 1 May 2015	40,010	3,361	(162)	43,209
Year ended 30 April 2016:				
Profit for the year	-	-	257	257
Other comprehensive expenditure	-	-	(4,175)	(4,175)
Total comprehensive expenditure for the year	-	-	(3,918)	(3,918)
Balance at 30 April 2016	40,010	3,361	(4,080)	39,291
Year ended 30 April 2017:				
Loss for the year	-	-	(415)	(415)
Other comprehensive expenditure	-	-	(14,366)	(14,366)
Balance at 30 April 2017	40,010	3,361	(18,861)	24,510

1 Accounting policies

Company information

NorthgateArinso UK Limited is a private company limited by shares incorporated and domiciled in England and Wales. The registered office is Peoplebuilding 2 Peoplebuilding Estate, Maylands Avenue, Hemel Hempstead, HP2 4NW.

1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to:

- Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investments;
- Disclosures in respect of transactions with wholly owned subsidiaries ;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated accounts of Northgate Information Solutions Limited include the equivalent disclosures, the company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of group settled share based payments
- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

As at 30 April 2017, NorthgateArinso UK Limited was a wholly owned subsidiary of Northgate Information Solutions Limited and the results of NorthgateArinso UK Limited are included in the consolidated financial statements of Northgate Information Solutions Limited which are available from its registered office: Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, HP2 4NW.

1.2 Going concern

In preparing the financial statements, management are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1 Accounting policies

1.3 Revenue

The recognition of the company's revenue was in line with the group's policy on revenue recognition, which is as follows:

Revenue on the outright sale of equipment and standard software, where no significant vendor obligations exist, is recognised on despatch. Revenue on non-standard software or where significant vendor obligations exist is recognised on customer acceptance. All revenue is reported exclusive of value added tax and other sales tax.

The group's approach to revenue recognition is that revenue is only recognised when:

1. persuasive evidence of an arrangement exists;
2. the price to the customer is fixed or determinable;
3. any services deliverable under the supply arrangement are clearly separable from the software supply;
4. physical delivery has occurred or services have been rendered;
5. contract milestones have been achieved; and
6. collectability is reasonably assured and there are no material outstanding conditions or contingencies attaching to the receipt of monies due.

Revenue from the sale of perpetual software product licences is recognised at the time the software licence is granted in accordance with agreed contractual triggers, typically the supply of the software product to the customer. Revenue from the sale of term software product licences is recognised over the term of the license. Revenues from the attendant installation, maintenance and support services are recognised proportionately over the period that the services are provided with due regard for future anticipated costs. Payments received in advance of services are recorded in the balance sheet as deferred income.

Revenue from professional services (project management, implementation and training) is recognised as the services are performed. Revenue from software support and hardware maintenance agreements is recognised rateably over the term of the agreement.

On major contracts extending over more than one accounting period, revenue is taken based on the stage of completion when the outcome of the contract can be foreseen with reasonable certainty and after allowing for costs to completion.

When equipment and software licences are sold on deferred payment terms that include a financing element, the present value of the amounts receivable, is recognised in revenue. Interest income arising, which represents the turnover from this financing operation, is included in revenue and recognised over the term of the lease.

When equipment sold is an equipment lease or interest in a software licence, revenue is taken on the sales value after deferral of income for future maintenance, where applicable.

Revenue for maintenance on equipment or software licences as described above is released to revenue over the period of the contract. The related interest is credited to profit over the same period and represents a constant proportion of the balance outstanding.

On contracts involving a combination of products and services, revenue is recognised separately on each deliverable in accordance with the above policy, unless all deliverables are considered to be interdependent when revenue is recognised on final acceptance.

1 Accounting policies

1.4 Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Purchased goodwill arising on business combinations in respect of acquisitions before 1 January 1998, when Financial Reporting Standard 10 Goodwill and intangible assets was adopted, was written off to reserves in the year of acquisition. When a subsequent disposal occurs any related goodwill previously written off to reserves is written back through the profit and loss account as part of the profit or loss on disposal.

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions since 1 January 1998 is capitalised. It is not amortised but is tested annually for impairment. This is not in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 which requires that all goodwill be amortised. The directors consider that this would fail to give a true and fair view of the profit for the year and that the economic measure of performance in any period is properly made by reference only to any impairment that may have arisen. It is not practicable to quantify the effect on the financial statements of this departure.

1.5 Intangible assets other than goodwill

Other intangible assets excluding goodwill

Acquired intangibles and purchased software are stated at the cost less accumulated amortisation and impairment losses.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from the company's software development is recognised only if all of the following conditions are met:

a) an asset is created that can be identified;
b) it is probable that the asset created will be technically and commercially feasible;
c) the Group has sufficient resources to complete development;
d) the asset will generate future economic benefits; and
e) the development cost of the asset can be measured reliably.

The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development costs are stated at cost less accumulated amortisation and impairment losses.

Amortisation is charged to the income statement on a straight-line basis over a useful economic life of 3-5 years, commencing from the date the asset is first ready for use.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally-generated goodwill and brands, is recognised in the income statement when incurred.

Amortisation

Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Purchased/developed software 5 years

1 Accounting policies

1.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

Short leasehold improvements	Life of the lease
Fixtures, fittings and office equipment	2-10 years
Motor vehicles	4 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.7 Non-current investments

Investments in subsidiary undertakings are stated at cost unless, in the opinion of the directors, there has been impairment to their value in which case they are immediately written down to their estimated recoverable amount.

1.8 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

1 Accounting policies

1.9 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The company is exempt under FRS 101 from the disclosure requirements of IFRS 13. There was no impact on the company from the adoption of IFRS 13.

1.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss, which are measured at fair value.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.12 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

1 Accounting policies

Other financial liabilities
Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities
Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.13 Equity instruments

Following the adoption of IAS 32, financial instruments issued by the company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivation that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy. The finance cost is correspondingly recognised in the profit and loss account over the life of the instrument.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholder's funds are dealt with as appropriate in the reconciliation of movements in shareholder's funds.

1.14 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax
Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

1 Accounting policies

Deferred tax

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.15 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event and it is probable that the company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1.16 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.17 Retirement benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The company's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The company determines the net interest on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset).

1 Accounting policies

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the company's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The company recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the company, the recognised asset is limited to the present value of benefits recoverable in the form of any future refunds from the plan or reductions in future contributions.

1.18 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Where land and buildings are held under finance leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses.

Operating lease payments

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.19 Foreign exchange

Transactions in foreign currencies are translated to the company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.20 Financial guarantee contracts

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements, and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

2 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Critical judgements

Revenue recognition

The revenue and profit of fixed price contracts is recognised on a percentage completion basis when the outcome of a contract can be estimated reliably. Management exercises judgement in determining whether a contract's outcome can be estimated reliably. Management also make some estimates in the calculation of future contract costs, which are used in determining the value of amounts recoverable on contracts. Estimates are continually revised based on changes in the facts relating to each contract.

Pensions

Details of the principal actuarial assumptions used in calculating the recognised liability for the defined benefit plans are given in note 21. Changes to the discount rate, mortality rates and actual return on plan assets may necessitate material adjustments to this liability in the future.

Provisions

Provisions are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events which can be reasonably estimated. The timing of recognition requires the application of judgement to existing facts and circumstances, which can be subject to change. Note 20 to the accounts contains information about the assumptions made concerning the Group's provisions.

2 Critical accounting estimates and judgements

Recognition of internally generated intangible assets from development

Under IFRS, internally generated intangible assets from the development phase are recognised if certain conditions are met. These conditions include the technical feasibility, intention to complete, the ability to use or sell the asset under development and the demonstration how the asset will generate probable future economic benefits. The cost of a recognised internally generated intangible asset comprises all directly attributable cost necessary to make the asset capable of being used as intended by management. In contrast, all expenditures arising from the research phase are expensed as incurred.

We believe that the determination whether internally generated intangible assets from development are to be recognised as intangible assets requires significant judgement, particularly in the following areas:

- The determination whether activities should be considered research activities or development activities;
- The determination whether the conditions for recognising an intangible asset are met requires assumptions about future market conditions, customer demand and other developments.
- The term 'technical feasibility' is not defined in IFRS, and therefore the determination whether completing an asset is technically feasible requires a company-specific and necessary judgemental approach;
- The determination of the future ability to use or sell the intangible asset arising from the development and the determination of probability of future benefits from sale or use, and
- The determination whether a cost is directly or indirectly attributable to an intangible asset and whether a cost is necessary for completing a development.

Key sources of estimation uncertainty

Impairment of intangible assets, including goodwill

Goodwill and other intangible assets are tested annually for impairment. The impairment tests involve estimation of future cash flows and the selection of a suitable discount rate. These require an estimation of the value-in-use of the cash generating units to which the intangible assets are allocated (note 11).

Development Costs

The amortisation rate for development costs is 5 years, based on the useful life of the assets.

3 Revenue

Turnover represents the amounts derived from the provision of goods and services stated net of value added tax, and includes interest arising on sales of equipment and software licences on deferred payment terms.

The company's entire turnover derives from the company's principal activities, being the provision of outsourced payroll services, the development and supply of IT solutions & software, and the provision of related consultancy and support services. All turnover and operating profit arises in the United Kingdom and Ireland from the same class of business. The company has only one operating division into which all costs are attributed.

4 Operating costs

	2017	2016
	£000	£000
Operating profit for the year is stated after charging/(crediting):		
- Wages and salaries	40,205	41,896
- Social security costs	4,474	4,487
- Pension costs	3,502	2,822
Amortisation of intangible assets	4,530	4,856
Depreciation of property, plant and equipment	805	851
Operating lease rentals	2,086	1,851
Research and development costs	2,724	4,087
Other operating charges	30,552	30,519
Management charges	19,163	14,403
Non-recurring costs:		
- Impairment of investment in subsidiary	4,418	-
- Severance and restructuring	1,364	339
- Property provisions	(50)	-
	113,773	106,111

5 Auditor's remuneration

	2017	2016
Fees payable to the company's auditor:	£000	£000
For audit services		
Audit of the financial statements of the company	34	34

Amounts paid to the company's auditor in respect of services to the company other than audit of these financial statements have not been disclosed as the information is instead disclosed on a consolidated basis in the financial statements of Northgate UK Holdings 4 Limited.

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2017	2016
	Number	Number
Sales	87	90
Operations	651	707
Product support	289	296
HR consulting	34	26
Support function	4	15
	1,065	1,134

7 Directors' remuneration

	2017 £000	2016 £000
Remuneration for qualifying services	193	140
Company pension contributions to defined contribution schemes	12	11
	205	151

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2016 - 1).

8 Investment income

	2017 £000	2016 £000
Interest income		
Interest on bank deposits	6	3

Total interest income for financial assets that are not held at fair value through profit or loss is £6,000 (2016 - £3,000).

9 Finance costs

	2017 £000	2016 £000
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	222	1,341
Interest on finance leases and hire purchase contracts	612	459
Interest payable to group undertakings	3,170	901
	4,004	2,701
Interest on other financial liabilities:		
Interest on the net defined benefit liability	1,258	1,385
Total interest expense	5,262	4,086
Other finance costs:		
Foreign exchange loss	250	750
Total finance costs	5,512	4,836

10 Income tax expense

	2017 £000	2016 £000
Current tax		
UK corporation tax on profits for the current period	-	596
Adjustments in respect of prior periods	(3,380)	143
Payments in respect of group relief	(739)	-
Total UK current tax	(4,119)	739
Deferred tax		
Origination and reversal of temporary differences	(1,417)	(260)
Changes in tax rates	732	806
Adjustment in respect of prior periods	595	54
	(90)	600
Total tax charge/(credit)	(4,209)	1,339

The charge for the year can be reconciled to the (loss)/profit per the income statement as follows:

	2017 £000	2016 £000
(Loss)/profit before taxation	(4,624)	1,596
Expected tax (credit)/charge based on a corporation tax rate of 19.92% (2016: 20%)	(921)	319
Effect of expenses not deductible in determining taxable profit	1,895	6
Adjustment in respect of prior years	(2,785)	197
Effect of change in UK corporation tax rate	732	805
Group relief	(2,391)	(596)
Other non-reversing timing differences	-	12
Payments made for group relief	(739)	596
Taxation (credit)/charge for the year	(4,209)	1,339

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2017 £000	2016 £000
Deferred tax arising on:		
Actuarial differences recognised as other comprehensive income	(2,051)	(507)

10 Income tax expense

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's tax charge accordingly and reduce the deferred tax asset as at 30 April 2017.

11 Intangible fixed assets

	Goodwill £000	Software £000	Total £000
Cost			
At 30 April 2016	111,080	41,381	152,461
Additions - internally generated	-	3,671	3,671
At 30 April 2017	111,080	45,052	156,132
Amortisation and impairment			
At 30 April 2016	-	28,129	28,129
Charge for the year	-	4,530	4,530
At 30 April 2017	-	32,659	32,659
Carrying amount			
At 30 April 2017	111,080	12,393	123,473
At 30 April 2016	111,080	13,252	124,332

The recoverable amounts of the CGUs are determined from value-in-use calculations which use discounted pre-tax cash flows from approved budgets and three year forecasts and extrapolated cash flows for the periods beyond these using estimated long term growth rates. The key assumptions are:

- Long term average growth rates are used to extrapolate cash flows. Growth rates are determined with reference to internal approved budgets and forecasts;
- Discount rates are calculated separately for each CGU and reflect the individual nature and specific risks relating to the market in which it operates;
- Gross margins are based on past performance and management's expectations of market development. No improvements to margins beyond periods covered by approved budgets and forecasts have been assumed.

The Directors are required to review the goodwill at least annually for impairment of the carrying value as compared to the recoverable value. The pre-tax discount rate used is 11.3% for the single CGU.

The surplus headroom above the carrying value of goodwill at 30 April 2017 was satisfactory. No impairment arises from: an increase in the discount rate to 12.3%; a 50% relative decrease in the growth rate used to extrapolate the cash flows (from 2.5% to 1.25% growth); or a reduction of 10% in the cash flow generated in the terminal year for any CGU.

12 Property, plant and equipment

	Short leasehold improvements	Fixtures, fittings and office equipment	Total
	£000	£000	£000
Cost			
At 30 April 2016	1,806	15,946	17,752
Additions	84	504	588
At 30 April 2017	1,890	16,450	18,340
Accumulated depreciation and impairment			
At 30 April 2016	886	14,021	14,907
Charge for the year	179	626	805
At 30 April 2017	1,065	14,647	15,712
Carrying amount			
At 30 April 2017	825	1,803	2,628
At 30 April 2016	920	1,925	2,845

The net carrying value of tangible fixed assets includes £430,585 (2016 - £505,000) in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £358,625 (2016 - £370,000) for the year.

13 Investments

	Current		Non-current	
	2017	2016	2017	2016
	£000	£000	£000	£000
Investments in subsidiaries	-	-	17,691	22,109

The company has not designated any financial assets that are not classified as held for trading as financial assets at fair value through profit or loss.

Fair value of financial assets carried at amortised cost

Except as detailed below the directors believe that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

13 Investments

Movements in non-current investments

	Shares in group undertakings £000
Cost or valuation	
At 1 May 2016 & 30 April 2017	36,468
Impairment	
At 1 May 2016	(14,359)
Impairment losses	(4,418)
At 30 April 2017	(18,777)
Carrying amount	
At 30 April 2017	17,691
At 30 April 2016	22,109

The company owns 50% of the share capital of NGA Africa (Proprietary) Limited in South Africa.

The subsidiary commissioned an external valuation, which led the company's management to conclude that there was an impairment of its investment. The amount of the impairment was £4,418,138 and the new carrying amount is £2,231,367.

14 Subsidiaries

The company's subsidiary undertakings at 30 April 2017, the nature of whose business is the development and supply of software and related services, and have only ordinary share capital, were

Name of undertaking	Registered office	Ownership interest (%)
Link Group Consultants Limited	England and Wales	100.00
NHA HR India Private Limited	India	99.50
NGA Africa (Proprietary) Limited	South Africa	50.00
NorthgateArinso Peoplechecking Limited	England and Wales	100.00
Personnel Computer Services Limited	England and Wales	100.00
Northgate Information Solutions Company Limited	Republic of Ireland	100.00
Cara Information Technologies Limited *	England and Wales	100.00
Engage Technologies Support Limited *	Republic of Ireland	100.00
Northgate Technologies Support Limited *	Republic of Ireland	100.00
NorthgateArinso Ireland Limited *	Republic of Ireland	100.00
NorthgateArinso Services Ireland Limited *	Republic of Ireland	100.00
Northgate HR Pensions Holdings Limited	England and Wales	100.00
Northgate HR Pensions Limited **	England and Wales	100.00
Northgate PWA Empower Limited	England and Wales	100.00

* Subsidiary of Northgate Information Solutions Company Limited
** Subsidiary of Northgate HR Pension Holdings Limited

All subsidiaries with a registered office in England and Wales have registered office at Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW, United Kingdom.

All subsidiaries with a registered office in Republic of Ireland have registered office at Suites D3/D4, The Cubes Offices, Beacon South Quarter, Sandyford, Dublin 18, Republic of Ireland.

All subsidiaries with a registered office in South Africa have registered office at 789 16th, Business Connexion Park, Block D, Midrand, 1685, South Africa.

All subsidiaries with a registered office in India have registered office at 3rd Floor, Madhu Industrial Estate, Pandurang Budhkar Marg Worli, Mumbai, India.

15 Trade and other receivables

	Current 2017 £000	2016 £000
Trade receivables	20,590	18,994
Other receivables	-	2
Amounts due from fellow group undertakings	8,326	2,291
Prepayments and accrued income	11,644	13,422
	40,560	34,709

Trade receivables include £1,858K (2016: £1,777K) of amounts due after more than one year.

16 Trade and other payables

	Current 2017 £000	2016 £000
Trade payables	2,738	3,710
Amounts due to fellow group undertakings	70,419	58,992
Accruals and deferred income	28,262	26,300
Corporation tax	-	3,403
Other taxation and social security	7,296	7,039
Other payables	46	-
	108,761	99,444

17 Borrowings

	2017 £000	2016 £000
Unsecured borrowings at amortised cost		
Bank overdrafts	807	1,447
Other loans	3,725	7,023
	4,532	8,470

17 Borrowings

Analysis of borrowings

Borrowings are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2017 £000	2016 £000
Current liabilities	2,667	5,236
Non-current liabilities	1,865	3,234
	4,532	8,470

18 Finance lease obligations

	Minimum lease payments		Present value	
Amounts payable under finance leases:	2017 £000	2016 £000	2017 £000	2016 £000
Within one year	1,482	3,171	1,294	2,981
In two to five years	3,018	2,218	2,780	2,074
	4,500	5,389	4,074	5,055
Less: future finance charges	(426)	(334)	-	-
	4,074	5,055	4,074	5,055

Analysis of finance leases

Finance lease obligations are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2017 £000	2016 £000
Current liabilities	1,294	2,981
Non-current liabilities	2,780	2,074
	4,074	5,055

19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	ACAs	Tax losses	Retirement benefit obligations	Other	Total
	£000	£000	£000	£000	£000
Deferred tax asset at 1 May 2015	(2,821)	(220)	(8,406)	(225)	(11,672)
Deferred tax movements in prior year					
Credit to profit or loss	(333)	-	1,220	(287)	600
Credit to other comprehensive income	-	-	(507)	-	(507)
Deferred tax asset at 1 May 2016	(3,154)	(220)	(7,693)	(512)	(11,579)
Deferred tax movements in current year					
Credit to profit or loss	(549)	(55)	230	285	(89)
Credit to other comprehensive income	-	-	(2,051)	-	(2,051)
Deferred tax asset at 30 April 2017	(3,703)	(275)	(9,514)	(227)	(13,719)

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2017	2016
	£000	£000
Deferred tax assets	(13,719)	(11,579)

20 Provisions for liabilities

	Property provisions
	£000
At 1 May 2016	578
Release of provision	(50)
Utilisation of provision	(300)
At 30 April 2017	228

The provision relates to properties that have either been sublet or are vacant. It consists of the discounted value of the future liabilities on the property less any expected future sublet receipts extrapolated to the earliest break point in the contract. In addition there is a dilapidations provision to make the property good at the end of the lease. This is made for all leased properties expiring within the next 12 months.

21 Retirement benefit schemes

Defined contribution schemes

The company participates in a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

The total costs charged to income in respect of defined contribution plans is £1,985,000 (2016 - £1,474,000).

Defined benefit scheme

The company operates two defined benefit schemes, the Northgate HR Pension Scheme and the Rebus Group Pension Scheme, both of which are closed to new entrants. The information disclosed below is in respect of the whole of the plans for which the company is either the sponsoring employer or *has been allocated a share of cost under an agreed group policy throughout the periods shown.*

Benefits are related to salary close to retirement or leaving service (if earlier) and also to years of pensionable service. Assets are held in separate, trustee administered funds. Employer contributions to the schemes are determined on the basis of regular valuations undertaken by independent, qualified actuaries. As the schemes are closed to new entrants for pension accrual, under the method used to calculate pension costs in accordance with IAS 19, the cost as a percentage of covered pensionable payroll will tend to increase as the average age of the membership increases.

These defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

Funding

Both plans are funded by the Group's subsidiaries. Over the next year, the Group will pay estimated contributions of £4.8m (2016: £4.4m) to the defined benefit schemes. The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan. This includes the additional contributions aimed at removing the deficit of the Schemes. Contributions to the defined contribution schemes are in addition to the contributions to the UK defined benefit schemes.

Key assumptions	**2017** %	**2016** %
Discount rate	2.5	3.5
Pension growth rate	1.8-3.1	1.6-2.8
Salary growth rate	1.0	1.0
Retail price inflation	3.3	2.8
Consumer price inflation	2.2	1.8

21 Retirement benefit schemes

Mortality assumptions

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

	2017 Years	2016 Years
Retiring today		
- Males	22.3	22.7
- Females	24.2	24.8
Retiring in 20 years		
- Males	23.7	24.5
- Females	25.7	26.7

Amounts recognised in the income statement	2017 £000	2016 £000
Current service cost	1,005	1,348
Net interest on defined benefit liability	1,258	1,385
Administrative expenses	512	500
Total costs	2,775	3,233

Amounts recognised in other comprehensive income	2017 £000	2016 £000
Actuarial changes arising from changes in demographic assumptions	(8,000)	(5,923)
Actuarial changes arising from changes in financial assumptions	56,566	1,189
Actuarial changes arising from experience adjustments	1,000	(2,671)
Actuarial changes related to plan assets	(29,300)	8,238
Impact of asset ceiling	(3,849)	3,849
Total costs	16,417	4,682

21 Retirement benefit schemes

The amounts included in the statement of financial position arising from the company's obligations in respect of defined benefit plans are as follows:

	2017 £000	2016 £000
Present value of defined benefit obligations	278,814	230,817
Fair value of plan assets	(222,848)	(188,081)
Deficit in scheme	55,966	42,736

Movements in the present value of defined benefit obligations	2017 £000	2016 £000
At 1 May 2016	230,817	230,511
Current service cost	1,005	1,348
Benefits paid	(6,583)	(5,683)
Actuarial gains and losses	49,566	(7,405)
Interest cost	7,858	8,197
Other	(3,849)	3,849
At 30 April 2017	278,814	230,817

Movements in the fair value of plan assets:	2017 £000	2016 £000
At 1 May 2016	188,081	188,482
Interest income	6,600	6,812
Return on plan assets (excluding amounts included in net interest)	29,300	(8,238)
Benefits paid	(6,583)	(5,683)
Contributions by the employer	5,962	7,208
Other	(512)	(500)
At 30 April 2017	222,848	188,081

21 Retirement benefit schemes

Sensitivity of the defined benefit obligations to changes in assumptions

Reasonable possible changes at the reporting date to one of the relevant actuarial assumptions, holding the other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

		2017	2016
		£000	£000
Discount rate (0.1% movement)	- increase	(5,369)	(4,209)
	- decrease	5,522	4,326
Inflation and related pension growth (0.1% movement)	- increase	2,391	1,744
	- decrease	(2,363)	(1,715)
Future pension growth (0.1% movement)	- increase	1,479	1,190
	- decrease	(1,451)	(1,167)
Life expectancy (1 year movement)	- increase	10,359	7,360
	- decrease	(10,090)	(7,367)
Deferred revaluation increases (CPI) (0.1% movement)	- increase	923	932
	- decrease	(908)	(916)
Future salary growth (0.1% movement)	- increase	-	-
	- decrease	(418)	-

Although the analysis does not take account of the full distribution of cash flows expected under the plans, it does provide an approximation of the sensitivity of the assumptions shown.

The fair value of plan assets at the reporting period end was as follows:

	2017	2016
	£000	£000
Equity instruments	38,951	34,964
LDI funds	55,785	32,397
Property	20,057	19,024
Diversified growth funds	61,522	60,654
Multi-asset credit	14,631	13,892
Emerging market multi asset	20,278	17,175
Cash and cash equivalents	11,624	9,975
	222,848	188,081

The plan assets are all in investment funds which do not have quoted prices, although the majority of assets held within those funds will have quoted prices. The expected rate of return on pension plan assets is determined as the Company's best estimate of the long term return of the major asset classes - equities, bonds, LDI and diversified growth funds - weighted by the current strategic allocation at measurement date less expenses.

22 Share capital

	2017	2016
	£000	£000
Ordinary share capital		
Issued and fully paid		
40,010 Ordinary of £1 each	40,010	40,010

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

23 Contingent liabilities

The company has in the normal course of business issued guarantees securing the performance by itself and other group undertakings of certain contracts and undertakings from which no liabilities are expected to arise other than those provided for in these accounts.

The company participates in the group's syndicated banking facility agreement.

The group has syndicated Senior and Subordinated facility agreements with a number of banks and investment companies providing £180 million and €275 million of available funding. Of these facilities, the group has the following available committed floating rate borrowing facilities at 30 April 2017 in respect of which all conditions precedent had been met at that date:

	2017	2016
	£000	£000
Expiring between 2 and 10 years	52,600	73,400

24 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017	2016
	£000	£000
Within one year	2,429	2,469
Between two and five years	6,361	7,013
In over five years	3,626	4,370
	12,416	13,852

25 Events after the reporting date

On 9 October 2017, NGA Human Resources announced the sale of the UK Mid-Market and UK SMB (Moorepay) businesses to Bain Capital Private Equity, a leading global private investment firm. NGA Human Resources will continue under the ownership of Goldman Sachs and Park Square Capital.

On 29 November 2017, the company reduced its share capital from £40,010,000 to £20,010,000 by cancelling and extinguishing 20,000,000 shares of £1 each.

26 Controlling party

The immediate parent company is Rebus Human Resources Limited, a company registered in England and Wales. The ultimate parent company is Northgate Luxembourg Holdings GP S.à.r.l., a company registered in Luxembourg. The company is ultimately controlled by The Goldman Sachs Group, Inc.

The smallest group in which the results of the company are consolidated is that headed by Northgate Information Solutions Limited, a company registered in England and Wales. Copies of the group accounts can be obtained from the registered office at Peoplebuilding 2, Peoplebuilding Estate, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 4NW.

The largest group in which the results of the company are consolidated is that headed by Northgate Luxembourg Holdings GP S.à.r.l., a company registered in Luxembourg. Copies of the group accounts can be obtained from the registered office at 2, rue du Fossé, 1536, Luxembourg.